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Michigan Department of Treasury.

**2008 MICHIGAN Business Tax Credits for Compensation,
Investment, and Research and Development**

Issued under authority of Public Act 36 of 2007.

Name	Federal Employer Identification Number (FEIN) or TR Number
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1. Tax liability prior to this credit from Form 4568, line 3 1.

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PART 1: COMPENSATION CREDIT. If not claiming this credit, go to Part 2.2. Michigan Compensation 2.

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3. **Multiply line 2 by 0.296% (0.00296)** (For tax year ending in 2009, see instructions.) 3.

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PART 2: INVESTMENT TAX CREDIT

Read instructions to ensure eligibility before claiming this credit. If not claiming this credit, carry amount from line 3 to line 29.

Capital Investments4. Enter all eligible depreciable tangible assets **located in Michigan** that were acquired during the tax year.

A Description	B City	C Date Acquired (MM-DD-YYYY)	D Cost Paid or Accrued During Tax Year
DRAFT DRAFT DO NOT FILE			
5. Total of column 4D.....			00

6. Enter all eligible depreciable tangible assets purchased or acquired for use outside of Michigan in a tax year beginning after December 31, 2007, that were **transferred into Michigan** during the tax year.

A Description	B City	C Date Physically Located in Michigan (MM-DD-YYYY)	D Federal Adjusted Basis as of Date Moved
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7. Total of column 6D.....			00

8. Enter all eligible depreciable **mobile tangible assets** that were acquired during the tax year.

A Description	B State	C Date Acquired (MM-DD-YYYY)	D Cost Paid or Accrued During Tax Year
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9. Total of column 8D.....			00
10. Mobile Tangible Assets. If subject to apportionment, multiply line 9 by the percentage from Form 4567, line 10d. If not subject to apportionment, enter amount from line 9			00
11. Total Capital Investments. Add lines 5, 7 and 10.....			00

12. Enter total cost paid or accrued of all depreciable real and personal property located everywhere that was acquired during the tax year (authorized under MCL 208.1513(3)) 12.

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LINE 12 IS FOR STATISTICAL PURPOSES ONLY AND SHOULD NOT BE USED IN ANY CALCULATION ON THIS FORM.

Recapture of Capital Investments

13. Enter all eligible depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after December 31, 2007, and were sold or otherwise disposed of during the tax year.

A. Description	B. City	C. Date Acquired (MM-DD-YYYY)	D. Date Sold (MM-DD-YYYY)	E. Gross Sales Price	F. Gain/Loss

14. Total columns 13E and 13F. A loss on 14F will increase recapture..... 14. 14.
15. Adjusted Proceeds. If line 14F is a gain, subtract it from line 14E. If line 14F is a loss, add it to 14E..... 15.

If taxable in another state, complete lines 16 and 17; otherwise, go to line 18.

16. Apportioned gains/losses. Multiply line 14F by the percentage from Form 4567, line 10d..... 16.
17. Apportioned Adjusted Proceeds. If line 16 is a gain, subtract it from line 14E. If line 16 is a loss, add it to 14E..... 17.
18. Enter all eligible depreciable mobile tangible assets acquired in a tax year beginning after December 31, 2007, that were sold or otherwise disposed of during the tax year.

A. Description	B. State	C. Date Acquired (MM-DD-YYYY)	D. Date Sold (MM-DD-YYYY)	E. Gross Sales Price	F. Gain/Loss

19. Total columns 18E and 18F. A loss on 19F will increase recapture..... 19. 19.
20. Adjusted Proceeds. If line 19F is a gain, subtract it from 19E. If line 19F is a loss, add it to 19E..... 20.

If taxable in another state, complete line 21; otherwise, go to line 22.

21. Apportioned Adjusted Proceeds. Multiply line 20 by percentage from Form 4567, line 10d..... 21.
22. Enter all eligible depreciable tangible assets other than mobile property acquired in tax years beginning after December 31, 2007, that were eligible for the Investment Tax Credit in tax years beginning after December 31, 2007, and were transferred outside Michigan during the tax year.

A. Description	B. City	C. Date Acquired (MM-DD-YYYY)	D. Date Transferred (MM-DD-YYYY)	E. Federal Adjusted Basis

23. Total of column 22E..... 23.
24. **Recapture of Capital Investments.** Add lines 15, 20, and 23. Or, if taxable in another state, add lines 17, 21, and 23..... 24.

Net Capital Investments

25. **Net MBT Capital Investment.** Subtract line 24 from line 11..... 25.
26. **Multiply line 25 by 2.32% (0.0232)** (For tax year ending in 2009, see instructions.)..... 26.
27. Net Recapture Amount from Single Business Tax Assets from Form 4585, line 7..... 27.
28. Subtract line 27 from line 26. If negative, carry amount to Form 4568, line 4b..... 28.

PART 3: REDUCED COMPENSATION AND INVESTMENT TAX CREDITS

29. Add lines 3 and 28. If line 28 is negative, enter amount from line 3..... 29.
30. Tax Before Surcharge from Form 4567, line 32, or Form 4590, line 23..... 30.
31. Total SBT credit carryforward from Form 4569, line 35..... 31.
32. Subtract line 31 from line 30. If less than zero, enter zero..... 32.
33. Multiply line 32 by 50% (0.5) (For tax year ending in 2009, see instructions.)..... 33.
34. **Allowable Credit.** Enter lesser of line 29 or line 33. Carry amount to Form 4568, line 4a..... 34.
35. If line 28 is negative, enter amount from line 28 as a positive number..... 35.
36. Tax After Compensation and Investment Tax Credit. Subtract line 34 from line 1 and add line 35..... 36.

PART 4: RESEARCH AND DEVELOPMENT CREDIT

37. Research and development expenses in Michigan..... 37.
38. Multiply line 37 by 1.52% (0.0152) (For tax year ending in 2009, see instructions.)..... 38.
39. Multiply line 32 by 65% (0.65)..... 39.
40. Ceiling for Research and Development Credit. Subtract line 34 from line 39..... 40.
41. **Research and Development Credit.** Enter the lesser of line 38 or line 40. Carry amount to Form 4568, line 5..... 41.
42. Tax after Research and Development Credit. Subtract line 41 from line 36. (This line must be equal to Form 4568, line 6)..... 42.

Instructions for Form 4570, Michigan Business Tax (MBT) Credits for Compensation, Investment and Research and Development

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers" on page 133.

Purpose

The purpose of this form is to claim the Compensation Credit, Investment Tax Credit (ITC) and the Research and Development Credit. Credits are calculated here and then carried to the *MBT Nonrefundable Credits Summary* (Form 4568).

NOTE: This form may be used by standard taxpayers to claim eligible credits and by financial institutions to claim the Compensation Credit only. Insurance companies use the *Miscellaneous Credits for Insurance Companies* (Form 4596) to claim credits for which they may be eligible.

For tax years ending in 2008, the Compensation Credit and Investment Tax Credit together are limited to 50 percent of the total tax liability prior to the imposition of the surcharge. For tax years ending in 2009, the percentage cap increases from 50 to 52 percent of the pre-surcharge tax liability. The Research and Development Credit, combined with the Compensation and Investment Tax Credits are limited to 65 percent of the pre-surcharge tax liability.

This form will also determine an ITC recapture that potentially will increase the tax liability.

Special Instructions for Unitary Business Groups

Credits are earned and calculated on either an entity specific or group basis, as determined by the relevant statutory provisions for the respective credits. The credits on this form are calculated on a group basis. Inter-company transactions are not eliminated for the calculation of most credits, however, they are eliminated prior to calculating the Investment Tax Credit in Part 2. Credits are generally applied against the tax liability of the Unitary Business Group (UBG), unless otherwise specified by statute.

Line-by-Line Instructions

Lines not listed are explained on the form.

Dates must be entered in MM-DD-YYYY format.

Name and Account Number: Enter name and account number as reported on page 1 of the applicable MBT annual return (either the *MBT Annual Return* (Form 4567) for standard taxpayers or the *MBT Annual Return for Financial Institutions* (Form 4590)).

UBGs: Complete one form for the group. Enter the Designated Member (DM) name in the Taxpayer Name field and the DM account number in the Federal Employer Identification Number (FEIN) field.

PART 1: COMPENSATION CREDIT

Standard taxpayers (i.e., those filing the *Michigan Business Tax Annual Return* (Form 4567)) and financial institutions claim this credit on Form 4570. Insurance companies should use Form 4596 to calculate this credit.

UBGs: If the taxpayer is a UBG, the Compensation Credit is calculated on the combined Michigan compensation of the UBG members. Intercompany transactions should not be eliminated for this purpose.

Line 2: Compensation paid in the tax year on behalf of or for the benefit of employees, officers or directors is defined at Michigan Compiled Law (MCL) 208.1107(2). Generally, under this definition, compensation includes, but is not limited to, payments that are subject to or specifically exempt or excepted from withholding under Internal Revenue Code (IRC) 3401 through 3406.

Compensation also includes fringe benefits and any earnings that are net earnings from self-employment, as defined under IRC 1402, of the taxpayer or partner or Limited Liability Company (LLC) member of the taxpayer. Wages, salaries, fees, bonuses, commissions, and other payments made in the tax year on behalf of or for the benefit of employees, officers or directors as well as self-employment earnings must be reported on a cash basis.

Compensation includes expenses such as payroll taxes (exclusive of payments for state and federal unemployment compensation and federal insurance contributions) and all other fringe benefits made for the benefit of employees. Payments made to a pension plan, retirement or profit sharing plan, employee insurance plans and payments under health and welfare benefit plans as well as the administration fees paid for the administration of the health and welfare benefit plan are compensation. Compensation also includes certain payments made by licensed taxpayers that are statutorily identified. These compensation payments are calculated on a cash or accrual basis consistent with the taxpayer's method of accounting for Federal Income Taxes. The statute provides for certain exclusions from compensation including employee discounts on merchandise and services purchased as well as payments made to independent contractors.

Expense incurred for the benefit of the taxpayer rather than for the benefit of employees of the taxpayer is not compensation. Noncompensation expenses might include payments reported on a Form 1099 to an employee for the rental of a building or for interest income.

This credit is calculated against the taxpayer's Michigan compensation.

Line 3: For tax years ending in 2009, multiply line 2 by 0.37 percent (0.0037).

PART 2: INVESTMENT TAX CREDIT

Use Part 2 to determine the total eligible acquisitions and dispositions for the filing period. If more space is needed for any assets acquired, sold or disposed of in this tax year, attach additional pages of the form identifying the name and account number at the top with only the additional applicable fields

completed. Financial institutions and insurance companies do not qualify for this credit.

For tax years beginning after 2007, taxpayers may claim an ITC for a percentage of the net costs paid or accrued in the filing period for qualifying tangible assets physically located in Michigan. The assets must be of a type that are or will become eligible for depreciation or amortization for Federal Income Tax. Mobile tangible assets (see definition on this page), wherever located, are subject to apportionment in the same manner as the tax base. Assets purchased or acquired after 2007 for use outside of Michigan and moved into Michigan during the filing period, also qualify for ITC. Disposition of an asset, or moving an asset out of Michigan, creates recapture that reduces the credit. If recapture exceeds the positive credit earned by acquisitions, the tax liability is increased.

NOTE: Recapture from dispositions during the filing period of assets acquired (or moved into Michigan) after 1999 and before 2008 is calculated on the *MBT Investment Tax Credit Recapture from Sale of Assets Acquired Under Single Business Tax* (Form 4585).

If, during the filing period, a taxpayer acquired depreciable real or personal property or disposed of depreciable real or personal property that was acquired in a tax year beginning after 2007, complete this form and attach it to the annual return. If property disposed of during the filing period was acquired in a tax year beginning after 1999 and before 2008, also complete and attach Form 4585.

UBGs: If the taxpayer is a UBG, the ITC is calculated on combined assets of the UBG members. Intercompany transactions must be eliminated prior to calculating this credit.

Capital Investments (Acquisitions)

Cost includes costs of fabrication and installation.

Line 4: Enter a short description (e.g., equipment, building, etc.), city or township in which the asset is located, date acquired and cost paid or accrued of all eligible depreciable tangible assets located in Michigan that were acquired during the filing period.

Line 5: If multiple pages of Form 4570, line 4, are included, bring the total of all line entries to the main Form 4570.

Line 6: Enter a short description (e.g., equipment, building, etc.), city or township in which the asset is located, date physically located in Michigan and federal adjusted basis as of the date moved of all eligible depreciable tangible assets purchased or acquired for use outside of Michigan after 2007 that were moved into Michigan during the filing period for a business use. Do not include mobile tangible assets (see below).

Line 7: If multiple pages of Form 4570, line 6, are included, bring the total of all line entries to the main Form 4570.

Line 8: Enter a short description (e.g., equipment, building, etc.), the state in which the asset is located, date acquired and cost paid or accrued during the filing period for all depreciable mobile tangible assets that were acquired during the filing period, whether located in Michigan or outside Michigan.

Mobile tangible assets are all of the following:

- Motor vehicles that have a gross vehicle weight rating of 10,000 pounds or more and are used to transport property or persons for compensation;
- Rolling stock (railroad freight or passenger cars, locomotives or other railcars), aircraft and watercraft used by the owner to transport property or persons for compensation or used by the owner to transport the owner's property for sale, rental or further processing;
- Equipment used directly in completion of, or in construction contracts for, the construction, alteration, repair or improvement of property.

Line 9: If multiple pages of Form 4570, line 8, are included, bring the total of all line entries to the main Form 4570.

Recapture of Capital Investments (Dispositions)

Calculation of gross sales price may be reduced by selling expenses. Sales price includes any benefit derived from the sale.

Use this section to compute credit recapture from disposition (or moving out of Michigan) of depreciable real or personal property that was acquired in a tax year beginning after 2007.

NOTE: A sale of qualifying property reported on the installment method for Federal Income Tax purposes causes a recapture of the entire gross proceeds in the year of the sale. The recapture is reduced by any gain reported in federal taxable income in the year of the sale. The gain attributable to the installment sale that is reported in subsequent years is subtracted from the tax base for those years.

UBGs: If the taxpayer is a UBG, the recapture of capital investments is calculated on combined assets of the UBG members. Intercompany transactions must be eliminated prior to calculating this recapture. However, moving an asset outside of Michigan creates recapture, even if the transfer is to a member of the UBG.

Line 13: Enter all dispositions of depreciable tangible assets located in Michigan that were acquired or moved into Michigan after acquisition in a tax year beginning after 2007 and were sold or otherwise disposed of during the filing period. Give all information required for each disposition in columns A through F. * In column A, enter a short description (e.g., equipment, building, etc.). Enter gross sales price (net of costs of sale) in column E, and in column F, enter total gain or loss included in calculating federal taxable income.

Line 14: If multiple pages of Form 4570, lines 13E and 13F, are included, bring the total of all line entries to the main Form 4570.

Line 18: Enter all dispositions of depreciable mobile tangible assets that were acquired after 2007 and were sold or otherwise disposed of during the filing period. Give all information required for each disposition in columns A through F. * In column A, enter a short description (e.g., equipment, building, etc.). Enter gross sales price (net of costs of sale) in column E, and in column F, enter total gain or loss included in calculating federal taxable income.

Line 19: If multiple pages of Form 4570, lines 18E and 18F, are included, bring the total of all line entries to the main Form 4570.

Line 22: Enter all depreciable tangible assets other than mobile tangible assets acquired after 2007 that were eligible for ITC and were transferred outside Michigan during the filing period. Give all information required for each disposition in columns A through E. * In column A, enter a short description (e.g., equipment, building, etc.) and in column B, enter the city or township in which the asset is located.

* Required information when including multiple dispositions as one entry: For all dispositions, "Date Acquired" must be the same and "Date Sold" or "Date Transferred" must be the same. All dispositions that have variable dates must be **listed separately**.

Line 23: If multiple pages of Form 4570, line 22, are included, bring the total of all line entries to the main Form 4570.

Net Capital Investments

Line 26: For tax years ending in 2009, multiply line 25 by 2.9 percent (0.029).

PART 3: REDUCED COMPENSATION AND INVESTMENT TAX CREDITS

Line 33: For tax years ending in 2009, multiply line 32 by 52 percent (0.52).

Line 35: If line 28 is positive, leave line 35 blank.

PART 4: RESEARCH AND DEVELOPMENT CREDIT

Financial institutions and insurance companies do not qualify for this credit.

Line 37: As used in this section, *research and development expenses* means that term as defined in IRC 41(b).

UBGs: If this taxpayer is a UBG, the Research and Development Credit is calculated on the combined research and development expenses of the UBG members. Intercompany transactions should not be eliminated for this purpose. Qualified expenses incurred by members of a UBG that are paid to fellow members should be included in calculating the group's credit.

Line 38: For tax years ending in 2009, multiply line 37 by 1.9 percent (0.019).

Attach this schedule to the return.